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C O N F I D E N T I A L SECTION 01 OF 03 MUSCAT 001876

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E.O. 12958: DECL: 12/10/2015 TAGS: <u>PREL PTER IR IZ MU</u>

SUBJECT: OMANI INSIGHTS INTO IRAN AND IRAQ FOR NEA DAS GRAY

Classified By: Ambassador Richard L. Baltimore III. Reason: $1.4\ (b,\ d)$.

Summary

11. (C) Calling Iran's political scene and new government a sea of "shifting sands," royal adviser Abdulaziz al-Rawas suggested that U.S. threats have only served to shore up hardliners' support in Iranian society, and that a more positive approach should be adopted. Separately, MFA Under Secretary Sayyid Badr called U.S.-Iranian tensions the

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greatest strategic threat to Gulf security, and also urged more positive U.S. engagement with Tehran. Sayyid Badr expressed optimism over Iraq, noting that during his recent visit, Iraqi FM Zebari provided the Omanis with welcome reassurances. End summary.

Looking for an Opening with Iran

- 12. (SBU) During a December 5 visit to Muscat, NEA DAS Gordon Gray separately called on the Sultan's Special Advisor for Cultural Affairs (Oman's chief interlocutor with Iran) Abdulaziz al-Rawas, and Foreign Ministry Under Secretary Sayyid Badr al-Busaidi (FM Yusuf bin Alawi was out of the country). DAS Gray was accompanied by the Ambassador and P/E Chief (notetaker).
- 13. (C) Abdulaziz al-Rawas, former longtime Minister of Information, briefed Gray on his last discussions with the Iranian government in his long-standing capacity as the Sultan's designated special envoy to Tehran. Rawas, as later did Sayyid Badr, began his remarks by asking whether recent reports that Ambassador Khalilzad was empowered to talk to the Iranians might signify a new opening in U.S.-Iranian dialogue. Gray put misleading press characterizations into context, affirming that Switzerland would remain our interlocutor with Iran while the EU-3 led the diplomatic effort on the nuclear issues.

Divergent Iranian Social Currents

- 14. (C) On the issue of whether Iran was itself prepared for dialogue with the U.S., Rawas described the current political environment in Tehran as one of "shifting sand." President Ahmadinejad, he observed, is still new and seeking to build his reputation as a "man of the people." His standoff with the Majlis over the Oil Minister portfolio illustrated the resentment the parliament feels over his tactics. Rawas called Ahmadinejad's circle of advisers "a bunch of unknowns," and was uncertain whether any of them had much international awareness. He noted many dichotomies in Iranian society. Conservatives remain dogmatically tied to the concept of "velayat e-faqih," yet there is a strong reformist opposition and considerable freedom to criticize, even in the press. The journalistic redlines were unclear, however, which has led to an "acceptable" but not quite "vigorous" amount of public debate.
- 15. (C) He said young Iranians continue to aspire to greater political and social freedom and more economic opportunity. They are deeply resentful of the Basij militia. And yet, under Ahmadinejad, Rawas observed that Iranian women are more visible in public places (even hotels), ostentatiously smoking and chatting with people. He saw this as women's efforts to preserve freedoms previously won. Iranians, he said, are conflicted by the threat they feel from the U.S., while at the same time being frustrated by oppression at home. He sensed a nation "waiting for the shoe to drop."

Urging Iran to Respect the International Community

16. (C) During his late August meeting with Ahmadinejad to deliver a message from Sultan Qaboos, Rawas said he was lectured about letting foreign forces tell Oman what to do. He argued back that nations are interconnected and one cannot ignore legitimate concerns. Nasser learned that lesson to Egypt's detriment in his confrontation with the UN, just as Saddam did over Kuwait. Rawas said he urged Ahmadinejad to learn from those mistakes rather than follow down the same disastrous path. "See the world as it is and not as you wish it to be."

17. (C) On Omani-Iranian relations, Rawas again observed that Iran is constantly changing and evolving. He never perceived an Iranian threat to Oman, but noted Iran was also never shy about asserting its influence. Given Iran's limited economic allure to the Arab Gulf states, and the fact that it has nothing on the religious side to teach the Arabs (even Arab Shia are more drawn to Iraq than Iran, Rawas noted), he said Tehran tends to focus more on Central Asia, where is has a better chance to wield influence. A chief adviser to the Iranian president dined with Rawas one evening during his visit, and tried to woo Oman with offers of technology. Rawas bluntly told him that Oman relied on the West for its trade and alliances.

No Substitute for Dialogue

- 18. (C) Rawas urged the U.S. to seek a more active, direct dialogue with Tehran. He cautioned Washington to remember three key factors that would influence any rapprochement. First, Iran's strong sense of national pride is deeply offended by such things as having its assets frozen in the West. Second, it is threatened by the decision to route a Caspian oil pipeline to Turkey rather than the Persian Gulf. Third, Iran desires recognition as the major regional power. Gray replied that the USG desires good relations with the Iranian people, but deeply opposes such Iranian policies as its support for terrorists. Rawas agreed that, were Tehran to cease its financial support of Hezbollah, that organization "would dry up in six months."
- 19. (C) Gray described the serious USG concerns about Iran's nuclear activities. Rawas said the Iranians insisted to him that they were not pursuing nuclear weapons, to which he replied, "Then why are you antagonizing the international community?" The Iranians rejoined that nobody could deny them their sovereign rights, and rejected the notion of any confidence building measures since the U.S., they feel, is bent on humiliating Iran. The Iranians, he said, were offended that their cooperation in Afghanistan earned them no favors from Washington. Rawas said he told his hosts that the "U.S. didn't attack you that's your reward." But despite his bluntness with Tehran, Rawas reiterated to Gray that U.S. threats against Iran have only helped reinforce public support for hardliners these past 25 years. The U.S., he said, must keep pressure on Iran, yet also use fewer threats. He acknowledged that finding a proper balance would not be easy.

U.S.-Iran Tensions: A Threat to Gulf Security

110. (C) Similar sentiments were expressed by MFA Under Secretary Sayyid Badr al-Busaidi, who was accompanied in his

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meeting by A/S-equivalent for Europe and North America, Ambassador Mohammed Tahir Aided. Departing that evening to address a seminar on Gulf security in London, Sayyid Badr said he intended to sound an optimistic note. If he had to pick the single biggest challenge to Gulf security, however, he said frankly that it was U.S.-Iranian tensions. As long as that bilateral relationship "lacks a proper footing," it poses a strategic danger to the region. Sayyid Badr noted that Iranian-Arab relations have their own share of problems, but that Iran cannot be simply ignored or marginalized any longer.

111. (C) Sayyid Badr said he was pleased to hear from Gray that the U.S. remained open to dialogue with Iran to resolve deep concerns over Iranian policy, even if Tehran perhaps did not show a similar willingness. He said Oman shares USG concern over Iran's nuclear program, support for terrorism, and human rights abuses. Nevertheless, the Sultanate has rejected the impulse to either isolate or confront Iran, but rather pursued the only attractive option: dialogue and cooperation. Acknowledging that "the stick" has its proper place, Sayyid Badr said there was still considerable room for "the carrot." He and Gray discussed the U.S., the EU-3 and IAEA's approach to Iran's nuclear program, with Gray emphasizing the need for Iran to understand it was facing international rather than simply U.S. opposition. Gray underscored that the USG remained focused on the goal of reaching a successful conclusion with measurable results on Tehran's nuclear program.

- 112. (C) Turning to Iraq, Gray provided an overview of positive trends as the Iraqis approached another historic election on December 15, as well as remaining challenges. Sayyid Badr replied that Oman continues to be optimistic about Iraq's future, citing the country's considerable natural resources and a confidence that its people are capable of living in harmony. Iraqi FM Zebari had recently visited Muscat, he said, and provided a reassuring, first-hand impression of the situation there. The Omani said reconstruction cannot be deterred by security problems.
- 113. (C) Sayyid Badr was appreciative of these bilateral consultations with the U.S., noting that he was "bullish" on life in Oman and, more widely, within the GCC even if the media did not always portray this in the West. Gray said Oman's June participation in the Smithsonian Folklife Festival on the Mall, and plans to dispatch a tall ship to the U.S. in 2006, combined with an activist Omani Embassy in Washington, were all key to better portraying the reality. Sayyid Badr agreed, noting that U.S. engagement in Oman was equally important.
- 114. (U) DAS Gray cleared this cable. BALTIMORE